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SUBJECT: EGYPT'S ECONOMY: JANUARY 26 PRESS ROUND-UP

¶1. (U) The following are notable economic news stories that appeared over the past week in the Egyptian press:

Egypt's Electronic Governance Ranking Improves

¶2. (U) Egypt moved up five places from 28th to 23rd in the United Nations Global e-Governance Survey, which bases its rankings on a number of factors including Internet accessibility and infrastructure. The index includes 192 countries, and the ranking puts Egypt in line with developed countries. Egypt's ranking was 162nd in 2003 (All newspapers, 1/19/2010).

Suez Canal Fees to Remain Unchanged in 2010

¶3. (U) Ahmed Fadel, the Chairman of Suez Canal Authority, said passage fees for the canal would remain unchanged for the second consecutive year. The canal recorded a 20.3% decrease in revenues in 2009, dropping to US\$4.28 billion in 2009 from US\$5.38 billion in 2008 (Al Alam Al Yom, 1/20/2010).

Surge in Government Spending on Petroleum Subsidies

¶4. (U) Abd El Alim Taha, the Chairman of the Egyptian General Petroleum Corporation, said he expects government expenditures on petroleum subsidies to surge to LE 66-70 billion (US\$12.2-\$12.9 billion) in FY2009/10, up from LE 53 billion last year and LE 51.3 billion the year before (US\$9.8 billion and \$9.5 billion, respectively). He attributed this large increase to rising local energy demand (Al Mal, 1/21/2010).

New Amendments to the Real Estate Tax Law Possible

15. (U) According to officials in the Ministry of Finance, legislative amendments to the new Real Estate Tax Law will be added as a response to the request of President Hosni Mubarak. It is expected that there will be debates to discuss the possibility of exempting primary residences from the tax, and only taxing people owning more than one home (Al Masry Al Youm, Al Ahram, 1/20/2010, 1/24/2010).

Food Industry Requests Passage of New Food Safety Law

16. (U) The Chamber of Food Industries has requested an urgent meeting with Prime Minister Ahmed Nazif to ask that he refer the draft Food Safety Law to Parliament for a vote. The draft law has been sitting in the Council of Ministers for almost 18 months

without being referred to Parliament (Al Ahram, 1/20/2010).

Floods Cause Millions in Damage

17. (U) Severe flooding in Upper Egypt and the Sinai region caused extensive damage to businesses, private homes, and infrastructure in the past week. A preliminary estimate by the Council of Ministers put the total losses in Aswan alone at LE 400 million (US\$73.5 million), and Al Shorouq newspaper cited sources estimating LE 300 million (US\$55.1 million) in damages in the tourist areas of Sharm El Sheikh and Dahab (Al Shorouq, Al Masry Al Youm, 1/19/2010, 1/24/2010).
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